

**Speech of Shri N. Gopalaswami Ayyangar  
introducing the Railway Budget  
for 1951-52, on 22<sup>nd</sup> February 1951**

MR. Speaker,

I rise, Sir, to present to the House the budget for Indian Railways for the year 1951-52. This is my third budget. It will be my last one also, and I look forward to handing over this magnificent national asset and its management to young and capable hands before the budget for 1952-53 becomes due. Over the period of 2½ years during which I have been in charge of Indian Railways, it has been my privilege to guide and continuously assist in the recovery of the railway undertaking from the abnormal shocks of the war years aggravated by the consequences of the partition of the country. The period of convalescence is nearly over now, and, if no unforeseen circumstances intervene to interrupt the completion of the plans for rehabilitation, re-organisation and development, Indian Railways will, well before the end of the term of the present Convention, attain operational efficiency, fully commensurate with their status as the largest nationalised concern in the country.

2. I shall attempt to place before the House a brief review of the broad aspects of railway operation and management. I shall avoid as far as possible statistical details which Hon'ble Members will find available to them in the Financial Commissioner's Explanatory Memorandum and the other printed information which will be in their hands presently. In the year 1949-50, Indian Railways established records in respect of many aspects of railway administration. Gross earnings touched the highest level. The number of passengers carried was higher than at any time previously, even as compared with the larger railway system of the pre-partition period. In the number of passenger miles, originating tons, ton miles and train miles, railway operation in 1949-50 showed, on comparable figures, results never before attained - results all the more striking when considered in the context of the difficulties under which they were achieved. These upward trends have since been more than maintained during the current year, and the year 1951-52 promises to be a year of steady progress and prosperity. The 1949-50 records will probably be improved upon in 1950-51 and 1951-52 and certain aspects of railway working will climb to new peaks. An extensive rehabilitation programme has been inaugurated this year involving large scale procurement, both in India and from abroad, of rolling stock, machinery and equipment; this will reflect itself progressively in improvements in operating efficiency. The locomotive factory at Chittaranjan has gone into production and the Government sponsored Tata Engineering and Locomotive Works have also completed arrangements for their going early into production, thus taking us a step forward in the attainment of self-sufficiency in meeting the requirements of our railways for power. The stock of passenger coaches has also been augmented by fresh acquisition and by an increase of productive capacity in existing workshops through a process of rationalisation. Passenger amenities are being given greater and greater attention. Relations with labour continue to be cordial and on the part of both railway management and of labour there is a greater appreciation by each of the other's difficulties in the settlement of disputed issues. The level of efficiency in administration is gradually rising and there is a significant change in the attitude of officers and men in dealing with trade, industry and the travelling public. I can assure the House that there is a growing recognition amongst railway personnel of all ranks that service and courtesy should be given the highest priority in their relations with those with whom their duties bring them into contact. All the same I am only too conscious of the fact that a great deal more remains to be done before we could claim to have eradicated all failings or effaced all imperfections.

3. On the financial front the position is not only sound but comfortably so. Our earnings will touch new heights. Control over expenditure has shown considerable improvement. We have consciously and effectively prevented an undue inflation of the capital at charge of the undertaking. The surpluses realised will be handsome. Our Reserve Funds are well stocked. These are facts gratifying to contemplate and they will, I hope, prepare Hon'ble Members for the one mild shock that I shall be administering to them before I have done. I deliberately use the words 'mild shock' because, I have no doubt that it will be absorbed quickly by a patriotic, intelligent and understanding House such as the one I have the privilege of addressing.

**Reorganisation and Regrouping of Railways.**

4. With the inauguration of the present financial Convention regulating the relationship between General and Railway finance, the nationalised Railway undertaking entered a new phase in its existence. It compelled immediate attention being paid to large scale administrative reorganisation with a view to secure both efficiency in operation and economy in management. It is proposed to regroup the Indian Railways into 6 major zones, and a Sub-committee of the Railway Board which had been set up to study and examine the

question was given the directive that, in submitting its plan, it should give adequate weight to the economic unity of contiguous regions and to the natural flow of traffic.

5. The zones recommended by the Committee are:---

Zone	Name of Railway					Route mileage
1.	Northern Railway	.	.	.	.	5,259
2.	Western Railway	.	.	.	.	5,552
3.	Central Railway	.	.	.	.	5,315
4.	Southern Railway	.	.	.	.	5,724
5.	Eastern Railway	.	.	.	.	5,016
6.	North Eastern Railway	.	.	.	.	6,336

Slight adjustments between the boundaries of the different zones may become necessary as and when the formation of each zone is taken up. After a careful consideration, it was decided to adopt the recommendation of the Committee, but, before the finalisation of the plan, it was thought desirable to obtain the reactions of State Governments, Chambers of Commerce, the Railway labour federations and others interested. Though some adjustments have been suggested by some of those who have responded to this invitation, the replies received have indicated very large support in favour of the plan.

6. The question of the pattern of the zonal administrations has been intensively studied. With the exception of the East Indian and the Eastern Punjab Railways which are on the Divisional system, all the other Railways are at present administered on a District basis. There is a partial Divisional system on the G. I. P. Railway which is intermediate between the entirely District and the entirely divisional systems. There is divergence of opinion regarding the suitability of the one type or the other for the reorganised zones. It is proposed, therefore, to form the zones, as far as possible, on the basis of their existing patterns until sufficient experience has been gained, enabling a proper assessment of the relative merits of either system. This course will, besides facilitating a smooth transition, entail the least disturbance to operation and reduce the movement of staff to the minimum.

7. Hon'ble Members will doubtless appreciate that, under this plan, not only the carrying out of a policy of improvement in administrative pattern and financial control, rationalisation of workshop and other operational arrangements will be promoted, but economies in management and enhanced efficiency in operation will be secured. There will be substantial reduction in the overheads of the zones as a result of the fusion of the higher administrative organisations of two or more Railways into one. Duplication of work, unnecessary correspondence between contiguous Railways and inter-railway adjustments will be largely eliminated, leading both to a reduction of staff and to a more expeditious disposal of business. The advantage to the trading public, in having to deal with a single administration on matters in which they are interested instead of with two or three, is another important point in favour of the proposed change. Abolition of dual control at inter-change junctions and at transshipment points will similarly result in economy and in acceleration of movement. The pooling of locomotives and rolling stock in the larger jurisdictions of the new zones will afford scope for more intensive and balanced utilisation of power and equipment, thus leading to a reduction in the number of locomotives, and, in consequence, in capital and maintenance stocks. Also, a greater rationalisation of workshop and workshop capacity will become possible, yielding a larger output at reduced cost. Centralisation of purchases and the handling and maintenance of stores will also make a considerable contribution towards economy.

8: The plan for the regrouping of Indian Railways was considered by the Central Advisory Council at two successive meetings. At the first meeting, after a careful consideration of the scheme, the Council gave its approval to regrouping in principle and laid emphasis on the phasing of the plan and the formation of the zones so as to cause minimum dislocation to trade, industry, operating arrangements and staff. They also wished that the detailed plan for the Southern Zone should be placed before them at the next meeting with fuller particulars. Accordingly, the plan for the Southern Zone was elaborated and placed before the second meeting with as full details as it was possible to give. The Council gave its wholehearted and unanimous approval to the implementation of the detailed plan and desired that similar detailed plans for the other zones should be worked out and each of them placed before the Council for consideration before approval was accorded thereto.

9. It is proposed therefore to start in the coming year with the formation of the Southern Zone by the amalgamation of the M. & S. M., the S.I. and the Mysore Railways. The route mileage of this Zone will total 5,999 miles of which 1,755 miles will be on the broad gauge and 4,244 miles on the metre and narrow

gauges. All the three Railways are now organised on the district pattern, and district officers are answerable directly to their respective departmental chiefs at headquarters. At the apex of each Railway is a General Manager with the Heads of Departments, who, in their turn, are assisted by a number of Deputies. Control is thus centralised in the headquarters organisation. It is not proposed to disturb the district pattern, but having regard to the route mileage of the combined system and the volume of traffic which it will handle, it is feared that centralised control might become unwieldy and dilatory. It is proposed, therefore, to divide the Zone into three operational regions to provide for intermediate coordination. The ascending hierarchy of officers will thus consist of District Officers, Regional Deputies, Heads of Departments and the General Manager.

10. The three Regions of the Southern Zone will be set up by combining the broad gauge sections to form the Central Region with its headquarters at Madras. The contiguous metre gauge sections in the north and the south will form the Northern and Southern Metre Gauge Regions. The headquarters of the Southern Metre Gauge Region will be located at Thiruchirappalli. From the point of view of operation, the best location for the headquarters of the Northern Metre Gauge Region would be Hubli. It will, however, for the time being, be located at Mysore in view of the availability of accommodation and the need for starting with a minimum of staff movements.

11. At the headquarters of each Region, there will be planted Deputy Heads of the three major departments, namely, Operating Mechanical Engineering and Civil Engineering, each of whom will be individually responsible to the Head of his Department at the zonal headquarters. The Regional Deputies will be given adequate financial and other powers to enable them to deal effectively with most of the work arising in the Region. The delegation of enhanced powers will lead to a more efficient and expeditious disposal of the work in the Region and also relieve Heads of Departments of a large volume of work which now is referred to headquarters, thus freeing them for more intensive inspection work and for concentrating on major problems of policy.

12. The amalgamation of the three Railways and the setting up of the three Regional Headquarters will necessarily involve a certain amount of staff transfers, but the retention of the District pattern at the bottom and the proposed location of the Regional Headquarters are calculated to keep staff movements at a minimum.

#### **Accounts for 1949-50.**

13. In February 1950, it was estimated that the year 1949-50 would close with a surplus of Rs. 11.02 crores. Our earnings in the last quarter of the year, however, reached a new high level and, after making allowance for unavoidable additional expenditure, the surplus realised amounted to Rs. 14.59 crores. This surplus was distributed between General Revenues and the Depreciation Reserve Fund, the former receiving Rs. 7 crores and the latter Rs. 7.59 crores.

#### **Revised estimates for 1950-51.**

14. Hon'ble Members will remember that in my last Budget speech I pointed out that, in framing the estimates for the current year, we were faced with several elements of uncertainty and that it would be prudent, therefore, to make a conservative estimate of revenues which I placed at Rs. 2,32.50 crores. Fortunately these uncertainties dissolved through the year to our advantage and the gross earnings are now estimated at Rs. 263.40 crores. This increase is mainly attributable to goods traffic. The factors which have contributed largely towards the increase in goods earnings are a partial resumption of trade and rail movement between Pakistan and India and the large export drive instituted to stimulate India's earnings of foreign exchange. There has also been an increase in passenger earnings attributable mainly to larger traffic than anticipated, to the Kumbh Mela, and to a general increase in the number of passengers due to increase in the number of passenger train services and the provision of improved travel facilities. The total gross receipts are now estimated to show an improvement of about Rs. 31.00 crores over the budget estimates, of which Rs. 20 crores relate to goods traffic, Rs. 7.00 crores to passenger traffic and Rs. 3.00 crores to other coaching and sundry earnings. Variations under 'Suspense' account for another crore.

15. The original estimate of working expenses, namely, Rs. 166.59 crores is now likely to rise to Rs. 180.31 crores due to several important post-budget developments. The most important of these is the decision to extend the application of the Central Pay Commission's scales of pay and allowances to the staff of ex-States Railways, which came under the control of the Centre with effect from 1st April 1950. Anti-sabotage and other security measures for prevention of accidents and repair of damages caused by natural calamities; such as floods and cyclones in North Bengal and Madras and earthquakes in Assam, led to

heavy unforeseen expenditure. In view of the rapid deterioration in the international situation, it was decided that arrears in repairs and maintenance of rolling stock and track should be overtaken as quickly as possible and the standard of maintenance should also be improved to equip the rail transport system to face any emergency. This also necessitated considerable additional provision. Similarly, the acceleration of the implementation of the Adjudicator's Award and of the recommendations of the Joint Advisory Committee approved by Government necessitated increased additional expenditure which had not been provided for in the Budget. There were other minor factors also which have all contributed to increase the budget estimate by Rs. 13.72 crores.

16. I hope Hon'ble Members will not, from what I have said above, get the impression that economies in working expenses have been neglected. Although the revised estimate as now framed exceeds the original by Rs. 13.72 crores, it is only Rs. 2.48 crores more than the expenditure actually booked in 1949-50 for the Indian (Govt.) Railways. This increase is completely off-set by the provision of Rs. 2.73 crores in the current year on the implementation of the Adjudicator's Award. In other words, even after allowing for the large expenditure of a special nature which I have referred to already, the working expenses are below the actuals of 1949-50. In the first seven months of the current year, there was also an increase of about 5 per cent in passenger train miles and about 2 per cent in goods train miles, compared to the corresponding period of the previous year. This heavier traffic which has brought in additional revenue to the extent of Rs. 10 crores has also been financially accommodated within the reduced allocation.

17. A provision of Rs. 17 crores was made in the estimates of the current year as appropriation to the Depreciation Reserve Fund. "The withdrawals from this Fund have been running at a level of Rs. 35 crores a year. If merely the present rate of appropriation were to be maintained, there is danger of the Fund getting completely liquidated in the next three or four years. As the House is aware, in terms of the new Convention both the inflationary and improvement elements in replacement costs, which were previously charged to Capital, have from the current year, to be charged to the Fund, thus adding to the drain on the Fund. The costs of replacements have also increased nearly fourfold since prewar times and bear no relation to the costs on which the rate of depreciation had been determined. The expenditure involved in the replacement and renovation of assets of the ex-States Railways is also considerable. I consider, therefore, that it is only prudent that the appropriation to the Depreciation Reserve Fund could be related to the annual outgo of funds and should, therefore, be increased to Rs. 30 crores in the current and the coming financial years. Provision has been made accordingly.

18. An increase of Rs. 1.29 crores under Miscellaneous Expenditure is accounted for by the provision of more quarters for Class IV staff recruited in connection with the implementation of the Adjudicator's Award and the execution of several necessary but unremunerative operating improvements in progress. The revised estimate of the dividend payable to General Revenues will be higher by Rs. 72 lakhs and amount to Rs. 32.57 crores. As a result of the variations. I have referred to, it is now estimated that the surplus in the current year will stand at Rs. 14.24 crores against Rs. 14.01 crores estimated in the Budget. Out of this surplus, Rs. 10 crores will be credited to the Development Fund as originally provided and Rs. 4.24 crores to the Revenue Reserve Fund against Rs. 2.01 crores in the budget estimates.

### **The present economic and Financial Situation**

19. Before I proceed to deal with the budget estimates for 1951-52, I must needs refer to a very important factor which has to be taken into consideration in framing a budget. The budget estimate is ordinarily a projection of the present into the immediate future. In making such a projection, it has to be generally assumed that the prevailing conditions will not materially alter in the ensuing year and that hopes based on these will not be frustrated. We have, however, had sufficient experience during the current year of the many imponderables and uncertainties in the internal and the international situation which militated against such an assumption and which dictated our proceeding with more than ordinary caution. That explains why there is a special reason for us at the present juncture to appraise, as correctly as we can, the prospects for the budget year in the light of the deterioration in the present economic conditions which my Hon'ble Colleague the Finance Minister will unfold when he comes to present his General Budget. He will, no doubt, also inform the House of the plans he has evolved for containing that situation. I must, however, refer, briefly to that situation in so far as it affects the plans and programmes of the railway undertaking. As the House is aware, the country has experienced unusual difficulties of an economic character. Our plans on the food front have miscarried as a result of natural calamities; which have prejudicially affected food production and of international developments which, have interfered with the flow of imports. There have been the inevitable repercussions in consequence on the price level in and outside the country. What is of greater consequence to us has been the continued deterioration in the ways and means position of the Government as a whole. Their bank balance is "running low" and not much success has attended their

efforts to raise capital resources in the market. The different Ministries which have put forward competing claims for capital resources: have found more than ordinary difficulty in obtaining the finance necessary even for minimum developmental activities. Railways are in a peculiar position in this respect. They've in the recent past, lent impressive support through the three earmarked funds balances to the general ways and means position of Government., That support expressed in terms of money was of the order of Rs. 121.71 crores at the end of 1948-49 and Rs. 129.63 crores at the end of 1949-50. The closing cash balance under General funds at the end of these two years was Rs. 165 crores and Rs. 149 crores respectively. The total of our fund balances at the end of the current year is estimated at Rs. 150.94 crores which, it may reasonably be guessed, will constitute a larger proportion of the closing cash balance under General funds than in the two previous years. These two sets of figures have only to be compared to indicate how difficult a financial position the Government would have been in but for the support given by Railways. I have throughout, however, held the view that separation of Railway from General finance should not extend to the point of demanding "that Railways should bank on their own outside the Government. That would be doing a disservice to the general tax-payer and might prejudice the financing of railway expenditure in years when railway balances will not be so prosperous as they are today. I have, therefore, willingly agreed to a limitation of our demands for the allocation of capital resources that should be made available for developmental activities in agriculture, industry, other forms of transport, and in fact, in all those Government activities which ensure security and make for economic betterment. In the ultimate analysis, it is on the healthy development of these other activities that transport, particularly rail transport, thrives. At the same time, it is not possible to escape the position that, unless rail transport is restored and developed to a minimum pitch of efficiency, it cannot fulfil its role in the maintenance of economic stability, internal security and external defence. We on the Railways cannot, therefore, indeed, we cannot afford to-retard the pace of progress which we have recently initiated. Efficient and adequate rail transport is of paramount importance in the logistics of our expanding economy. The problem that in framing this budget has confronted me is, therefore, how we could maintain and even somewhat expand our development programme without prejudice to developments in fields on which Railways have necessarily to lean for their custom. This, naturally, has led me to make a review of our present revenue position with a view so to adjust it as to ensure the financing not only of the mounting revenue expenditure in the coming years but also of the capital resources which we shall increasingly require for rehabilitation and expansion.

20. The immediate problem that faces me is the magnitude of our rehabilitation requirements. Railways were caught in the doldrums of depression in the early- thirties, and from then onwards, the revenues were insufficient to meet even the interest charges due to General revenues. As a result, the Railway Reserve Fund was heavily drawn upon and the accumulations in the Fund were completely dissipated. This was followed by raid on the amount at the credit of the Depreciation Reserve Fund to meet these interest charges. In 1935-36, a moratorium had to be declared and the payments to General revenues suspended. In such financial difficulties, maintenance had to be slowed down or deferred from year to year; renewals and replacements had to be limited to the minimum permitted by the requirements of mere safety in operation. The emergence from the trough of depression and the attempts made thereafter to overtake arrears of maintenance and replacements were rudely interrupted by the war which started in 1939. In the first phase of the war, Indian Railways were called upon, despite their deficiencies and difficulties, to release locomotives, wagons and track material for the Middle East. Over 8 per cent of metre gauge locomotives and 15 per cent of metre gauge wagons on Indian Railways and 4,000 miles of track and 4 million sleepers were released for use overseas and in India on military projects. This necessitated the dismantling of as many as 26 branch lines. In the second phase of the war, the battle front spread to the east, and India became the base for mounting an offensive in the east. As a result, the transport system was strained almost to the breaking point. Indian Railways were thus faced with abnormal and accelerated wear and tear on capital equipment. In the circumstances, even though the load of maintenance far exceeded the physical capacity of existing workshops, a large number of these had to be diverted to the manufacture of munitions. The maintenance and renewal of railway equipment received little attention. Abnormal arrears accumulated. Internal facilities for rehabilitation were appreciably reduced or incapacitated by the mobilization and intensive utilization of workshop equipment in the war effort. When the hostilities ended, Railways were left with major problems which were not susceptible of immediate solution. Long term plans of post-war rehabilitation and development carefully drawn up were stultified by the effects of the Partition. This tremendous problem has been faced by Indian Railways with courage and persistence during the last three years. While great improvement has been registered, a substantial traction of the damage still remains to be remedied.

21. The present holding of locomotives of all gauges of various types totals 8,337 of which about 18 per cent is under or awaiting repairs. The average age of these locomotives is 30 years as compared with their economic life of 40 years. There are also numerous types of locomotives mostly of an obsolete type for which spare parts are not readily available. The present rehabilitation policy aims at reducing the number of

types to the minimum and bringing ultimately the average age of holdings to about 20 years. When this position is secured, it will be possible not merely to reduce the holding by more than 10 per cent thus securing considerable economy both in capital and maintenance costs but also to lower appreciably the percentage of locomotives which are now immobilized on account of delay in carrying out repairs. For reaching this position, it has been planned to obtain and replace 1260 locomotives over a period of five years commencing 1950-51.

22. The present holding of wagons is of the order of 2¼ lakhs, which require, on the basis of a 40 year economic life, a normal replacement of 5,600 a year. Arrears of replacement are estimated at 20,000 after making allowance for the orders which have been placed in the year 1950-51. Thus, for rehabilitating the wagon position, the plan provides for the acquisition of 12,000 to 13,000 wagons a year for the next four years. The average age of wagons is also high and, therefore, the cost of maintenance and repairs is abnormal. Further this places a load on the workshops far in excess of capacity installed which was designed to meet only the normal maintenance requirements. An addition to the wagon fleet has also been necessitated by the opening of the new Assam Link. The completion of the Kandla-Deesa link in the near future will similarly accentuate the shortage of wagons which has to be overtaken in order to ease the movement position and free it from disabilities and restrictions.

23. The total holding of coaches in terms of four-wheelers is about 31,650. Their average age is extremely high, and the condition of the stock is, in many cases, poor and yet they have to stand up to more intensive use than they can in order to meet the demands of the heavy passenger traffic. Repairs and maintenance have, therefore, to be deferred until these become inescapable. The cost of maintenance and repairs is, therefore, excessive, and, in the majority of cases, the repairs to be undertaken are, comparable almost to the rebuilding of bodies. If the problem of overcrowding on Indian Railways is to be successfully tackled, the procurement programme should at least be of the order of 1,500 fourwheelers per annum for the five years commencing 1950-51. The House will appreciate that the capital requirements for fulfilling this essential minimum programme amount to a formidable figure, yet this has to be squarely faced. The unsatisfactory ways and means position of Government is a major difficulty in finding sufficient funds for carrying out this programme. I have felt it, therefore, to be my duty to submit to the House proposals for augmenting railway receipts calculated to surmount this obstacle.

24. I shall now turn to the financial prospects for the coming year. I have assumed that there will be no significant variation in the volume of import or export traffic carried by rail. As regards internal traffic, although the major industries are maintaining their current production and the crop position next year is unlikely to be worse than that in the, current year, there are trends which indicate that we have reached the peak in our earnings on goods traffic. In any case, there is hardly any scope at present for upgrading the rates now charged for such traffic. Receipts from goods traffic are therefore placed at Rs. 2 crores or about 1.5 per cent less than the revised estimates for the current year. Should there be a further deterioration in the international situation, the picture will necessarily undergo a change.

25. On the present basis of fares, passenger earnings are likely to be maintained at the present level, particularly, as new rolling-stock has been put into service and greater amenities are being provided for lower classes of travel. Should the tourist traffic receive any substantial impetus, it will assist in arresting somewhat the drop in upper class earnings. On the whole, the safest estimate I could make is that the present pattern of revenue from passenger traffic is likely to be reproduced in the budget year. I should, however, utter a word of warning. While the additional capacity and facilities which are being created at additional cost will improve the conditions of travel, it does not necessarily follow that it will attract additional passenger traffic to offset the increased costs. There is likely, however, to be a drop in revenues in parcels traffic. Taking all these factors into account, the coaching earnings are placed at one crore less than the current year's earnings. I estimate accordingly that the total gross traffic receipts would be of the order of Rs. 260.40 crores, which is Rs. 3 crores less than the revised estimates, for the current year.

26. The estimate of working expenses for 1951-52 has been placed at Rs. 186.75 crores which is Rs. 6.44 crores more than the revised estimates of the current year. The budget estimate for next year will reflect for the first time for a whole year the effect of the full implementation of the Adjudicator's Award, costing Rs. 8 crores. The break-down of the additional provision by major heads is roughly: staff Rs. 389 lakhs, maintenance Rs. 266 lakhs and freight on fuel Rs. 13 lakhs. The increased provision under staff is intended to meet the cost of normal annual increments and the fuller implementation of the recommendations of the Joint Advisory Committee. The increased provision for repairs and maintenance is to facilitate more extensive rehabilitation of track and rolling-stock.

27. The provision for more 'A' type staff quarters and necessary unremunerative operating improvements will raise miscellaneous expenditure by over Rs. 1 crore. The appropriation to the Depreciation Reserve Fund is proposed to be maintained at the amount for the current year, viz. Rs. 30 crores. The dividend payable to General Revenues is expected to increase to Rs. 33.37 crores.

28. The estimates for the three Southern Railways have been separately prepared as it is not possible at this stage to assess the financial effects of the operations of the zone which will be progressively formed in the course of the coming financial year. The expenditure will however be well within the combined provision for the three Railways.

29. A sum of Rs. 45.83 crores was entered in the budget estimates of the current year to carry out the works, machinery and rolling-stock programmes. The revised estimate of expenditure on this account is Rs. 61.31 crores or an excess of about Rs. 15 crores. This is mainly the consequence of the decision to accelerate the rehabilitation programme in view of the deterioration in the international situation. An additional allotment of Rs. 3.04 crores has been made for track renewals alone and Rs. 1.55 crores for rolling-stock recently ordered abroad as a result of the Financial Commissioner's visit to Europe. An extra allotment of Rs. 76 lakhs was made to speed up the progress of the Mukherian-Pathankot Project - a strategic line - in order to complete it before the target date.

30. The allocation for the programme of expenditure of a capital nature in 1951-52 is Rs. 66.5 crores. Out of this, about Rs.38 crores are required under rolling-stock and machinery, Rs. 26 crores under works, Rs. 5 crores for investments in TELCO shares and 0.5 crore in road services. The budget provision in 1951-52 for new acquisitions including the orders placed abroad is Rs. 24 crores and that for programmed deliveries is Rs. 11 crore. The provision for machinery is Rs. 3 crores, Rs. 0.5 crore for new acquisitions and Rs. 2.5 crores for programmed deliveries outstanding from previous orders which are expected to be completed in 1951-52.

31. Under 'Works' the most important is the Mukherian-Pathankot Project for which a provision of Rs. 200 lakhs has been made in the coming year. This, together with the provision made in the current year, will bring the total outlay on this project to Rs. 3.47 crores at the end of 1951-52 against the estimated cost of Rs. 3.89 crores. The Chittaranjan Locomotive Works will get Rs. 95 lakhs. There is also a provision of Rs. 78 lakhs for the Kalyan Power House, Rs. 45 lakhs for the construction of the Pandu Headquarters and Rs. 20 lakhs for a new station and marshalling yard at Alipur Duars on the Assam Railway.

32. The total expenditure estimated under the Development Fund is Rs. 8.29 crores, out of which Rs. 3 crores will go to passenger amenities and Rs. 1.45 crores for staff quarters and staff amenities. The total budget provision under all Demand Heads on staff quarters and staff amenities is Rs. 4.55 crores. In pursuance of the undertaking given by me on the floor of the House, provision has been made in the budget year for starting work on the restoration of eight of the lines which were dismantled during the war. Two new lines, Pihij-Nadiad (B.B. & C.I.) and Chunar-Robertsganj (E. I. R.) will between them get an allotment of Rs. 50 lakhs.

33. Rs. 46.72 crores out of Rs. 66.5 crores for expenditure of a capital nature in the budget year will be financed by withdrawals from two of our earmarked funds and Rs.19.78 crores will be financed from General Funds, and constitute an addition to the Capital at charge. The ways and means position of the Government is, however, so inadequate that both the withdrawals and the advance will have to be financed almost entirely out of the contributions we shall be making in the budget year to all our three earmarked Funds. But for our being in a position to do so, we would have drastically to curtail our programme of expenditure of a capital nature, by something over 20 crores.

### **Enhancement of Fares**

34. And now to the mild shock. I have indicated how narrow is the margin between railway revenues and the expenditure chargeable to those revenues. We have carried out an extensive plan of repairs. We are making rapid progress with rehabilitation and have, from this year onwards, accelerated its pace. We cannot be content with mere repair and rehabilitation. We have got to raise standards in every direction so that our railways may stand comparison with railways elsewhere in the world. Further, in a vast country like India, we cannot continue indefinitely the policy of starving expansion. The need for construction of new lines to fill gaps and to open up unopened country is clamant. All this demands our looking ahead with vision and imagination. It means a higher level of expenditure, both revenue and capital. We cannot entirely and

always count upon the assistance which can be looked for from General finance. It is in this comprehensive context that the Government have taken a decision to enhance passenger fares.

35. Let me assure the House that the enhancement I am proposing is intrinsically justified and will not throw on the consumer of railway service a burden which he cannot legitimately be called upon to bear. A study of the economics of railway operation will, I trust, convince Hon'ble Members that a certain measure of adjustment in our fare structure has been long overdue if we apply to it the principles which should govern the determination of a fair price for the service rendered. The price level in the country has now risen to over 400 as compared with 100 in 1938. This is fully reflected in the increase in the wage bill on the Railways. The cost of fuel now stands at 471 taking the figure for 1938 as 100. As against all this, the increases in average railway fares and freight rates are only of the order of 46 and 73 per cent respectively. In other words, the increase in fares and freight rates has lagged woefully behind the increases in operational costs. The cost of renewals and replacement which play an important and essential role in the execution of the rehabilitation programme, has also increased four fold. Had Railways been under company management or been run on a purely commercial basis, the fare and freight structure would undoubtedly have been revised long ago. This was one of the hard facts which stared me from the time I came to be in charge of Railways. I held my hand however and deferred tackling this problem because I felt that, having regard to realised revenues and actual expenditure, I should not tap this resource except when it became necessary to do so. I consider that, in the present financial situation in the country and the imperative needs of rehabilitation, stabilisation and expansion, I must face with firmness the task of inviting the approval of the House to an enhancement of railway fares. I know that the proposal will, in the first instance, produce in the minds of Hon'ble Members an unfavourable reaction. But I have no doubt that, when they have applied their minds to the matter in the light of all the facts and literature that I have placed before them, they would give their approval to the small increase in fares which I contemplate.

36. Economies in administration and operational expenditure have been and are being comprehensively explored. There is a limit, however, to such economies on the Railways. They cannot be made if the effect of doing so would detract from operational efficiency and the provision of adequate facilities to trade, industry and the travelling public. A model job analysis has been conducted in the office of the Railway Board, and Railway Administrations have been asked to follow this example. But the most perfect job analysis will not release funds of the magnitude likely to create an impression on the gap which has to be bridged if the financing of all that I have indicated is to be adequately provided for. The integration and regrouping of the different Railway systems are bound to produce economies accurately. But even they will not enable us to avoid raising additional revenue.

37. Our attempt to improve the revenue position has, therefore, necessarily to be directed towards an adjustment of freight rates and passenger fares. The rationalization of the freight structure which was carried out in October 1948 was intended to remove the anomalies of the past by introducing telescopic scales of freight and establishing a more scientific basis of charge for the haulage of goods. This change was effected mainly in the interests of trade and industry, though it brought in some additional revenue resulting particularly from the raising of some unduly low rates.

38. Passenger fares in India were standardized on a uniform mileage basis for all Railways in January 1948. While this helped to equalize the low fares charged on a few Railways with the fares charged on other Railways, the basis of charge was left undisturbed. This equalization hardly produced any perceptible effect in the revenues of Railways as the average distance traveled by a passenger was of the order of 32 to 33 miles. To put it in a different way, it may be stated that, for each ton of goods hauled per mile in 1949-50, we recovered 10.10 pies, and for each passenger carried per mile 4.55 pies per ton mile and 3.12 pies per passenger mile in 1938-39. The increases work out to 73 per cent for goods and 46 per cent only for passengers. In other words, the incidence of the increase has been borne mainly by goods traffic. Even though the passenger fares were unduly depressed in relation to the level of freight rates pre-war, the ratio in 1949-50 has been further disturbed in favour of passenger traffic. In considering any further adjustment of the freight rates, it is necessary to bear in mind possible inflationary stresses and their inevitable repercussions on the price level in the country both of industrial and of consumer goods. On these considerations, I feel that it would be extremely inadvisable to increase freight rates further in the context of our requirements of additional finance.

39. Our attention has, therefore, to be turned to the possibilities of securing additional revenue by an adjustment of the passenger fare structure. As I have already stated, our passenger fares have always been unduly depressed and are among the lowest in the world. They do not bear any relation today either to the economic situation in the country or to the economics of railway operation. I should like to invite attention to the fact that, while in all sectors of the economic life of this country we have called upon consumers of goods



and services to pay high prices and incur large sacrifices, we have continued to acquiesce in the consumers of rail transport not contributing their legitimate share to easing the burden of large increases in the cost of railway operation. It is in the Inter and Third classes that any enhancement in passenger fares will be most productive. In the case of the upper classes, other considerations inevitably intervene such as what the traffic can bear, having regard to the competition of alternative forms of transport. An increase in rail fares, particularly in the two lower classes, will also be anti-inflationary in character. I have, however, no intention of shifting the entire incidence of increased cost to the shoulders of the traveling public, and the proposals which I make are severely restricted to our requirements of additional finance and my desire to keep down the increase in fares to the absolute minimum. I might mention that, even after making these adjustments, the additional financial resources that may become available will soon get absorbed, and will, in the not distant future, be found not adequate enough to meet fully the rehabilitation and development programmes which we are looking forward to implementing. It may not be irrelevant to point out also that, in terms of real purchasing power; the increases which I propose to give effect to will bring the fare level only to about 32 per cent of pre-war fares.

40. My specific proposals for revision of fares from 1<sup>st</sup> April 1951 are:-

First class fares should be increased from	24 to 27 pies,
Second " "	14 to 16 pies,
Inter " "	9/7.5 to 10.5/9 pies.
Third " "	5/4 to 6/5 pies.

I do not disguise from myself the fact that, in British days, lower class railway fares in this country were a constant target of attack, both in the legislature and in the Press. It used to be urged that the third class fare level was unduly high and was part of a policy of exploitation of the common man for the benefit of an alien Government and of companies which were controlled by British capitalists. Today, with an entirely state-owned railway system, administered by a National Government pledged to the amelioration of the conditions of life not merely of their own employees but of the masses generally, such criticisms have lost all their point and would betray an imperfect appreciation of the general policy of Government and the realities of the economic situation. Since the advent of independence, there has been an arresting change in the policy at the back of railway administration and there is a fuller appreciation of its responsibilities and obligations towards both its patrons, the travelling public and its nearly one million workers.

41. By way of anticipation of possible criticism in the House, let me also invite the attention of Hon'ble Members to one important consideration. The revenues accruing from the enhancement of passenger fares are intended for the stabilization and expansion of the railway undertaking. It might be pointed out that we shall not in actuality be spending immediately the additional funds that we raise. That is so. But those revenues will go into our earmarked funds and be held to our credit; they will also earn interest from General revenues until the latter are in a position to release them for expenditure in future. Until they are so made available, they will serve to fortify the ways and means position of the Government, and Railways should feel proud of the assistance they are able to render to General finance. It should be a source of satisfaction to the railway user that he now has an opportunity to render a certain amount of financial assistance to the tax payer who had borne in the past considerable losses on his account. The important fact to remember is that no fraction of the additional amounts raised will be annexed by General finance and that the sum in entirety will contribute to the strengthening of the capital resources of Railways to be drawn upon in the coming years when the ways and means position of Government becomes more comfortable.

### Summing up of Budget proposals - Revenue

42. To sum up the revenue estimates for 1951-52, the increase in passenger fares will give us about Rs. 19 crores, and, with this addition, the gross traffic receipts will improve to Rs. 279.50 crores. Including the appropriation to the Depreciation Reserve Fund, the total working expenditure will stand at Rs. 216.97 crores. The net traffic receipts will thus be Rs. 62.53 crores which, after allowing for the net miscellaneous expenditure of Rs. 7.31. crores, will leave a net revenue of Rs. 55.22 crores. Out of this, Rs. 33.37 crores will be paid to General revenues as dividend under the Convention. The resulting surplus, namely, Rs. 21.85 crores is proposed to be distributed between the Development Fund (Rs. 10 crores) and the Revenue Reserve Fund (Rs. 11.85 crores).

**Reserve Funds**

43. The picture of the position of the three Reserve Funds will be as follows:-

(In crores of rupees)

	1949-50	1950-51	1951-52
Depreciation Reserve Fund	109.01	119.37	114.54
Revenue Reserve Fund.	6.82	12.79	25.23
Development Fund .	13.80	18.78	21.11
Total	129.63	150.94	160.88

The total of the Reserve Funds at the credit of Railways will stand at Rs. 160.88 crores at the end of March 1952.

**Transportation Performance**

44. In introducing the Budget for 1949-50, I had referred at some length to the operational difficulties on the Railways which had caused a great deal of concern to the public. Last year, I indicated how the deficiencies had been progressively reduced. The House would naturally expect me to state generally the existing position. Loading on the Broad gauge had been generally smooth and free. On the metre gauge, the position on the Southern Railways had been generally satisfactory. On the Northern Railways, although the loadings improved, demands could not be met fully as there was an acute shortage of metre gauge wagons—a deficiency which the specially energetic measures now taken will make good. The vagaries of the river Ganga also affected adversely movement across the ferries connecting the two gauges. The volume of traffic carried has, however, tended to be more than that handled in the previous year. The trend of steady improvement in operating efficiency to which I made reference last year has been fully maintained.

45. The movement position has further eased by the receipt in the course of the year of 113 broad gauge and 83 metre gauge locomotives and 3000 new wagons in terms of fourwheelers. 715 coaching vehicles were also commissioned during this period. This addition to the movement potential has been fully reflected in the increased traffic handled without any deterioration in either wagon turn-round or the punctuality of the services.

46. It was a pity that attention in the past had been concentrated mainly on the rehabilitation of the broad gauge system, thus accentuating the difference in the levels of performance on the two gauges and giving rise to legitimate complaints from areas served by the metre gauge. Special steps have now been initiated to remove this imbalance and to bring up the performance of the metre gauge system to the level of the broad gauge system. Orders which have been placed in the current year, both abroad and in India, are, therefore predominantly for metre gauge stock. 150 improved type YP locomotives have been ordered for the metre gauge and the supplies are expected to be completed by mid- 1952. Similarly, 8,000 metre gauge wagons have been ordered overseas which should arrive in the country in the course of the financial year to supplement the order for 7,000 wagons placed in India. 250 metre gauge third class bogie coaches ordered a broad are also expected to be commissioned in the course of the coming year. Orders for 100 WG locomotives for use on the broad gauge have been placed on Chittaranjan and 50 YG locomotives for use on the metre gauge have been placed on the Tata Locomotive and Engineering Co., Ltd.

**Locomotives and Coach Building**

47. Hon'ble Members must be aware that the first locomotive from the Chittaranjan Locomotive Works steamed out on 1st November 1950, the function being blessed by the presence of the President of the Republic. The factory itself is making good progress in all directions. The targets of production which have been prescribed are being maintained, and 36 locomotives are expected to be turned out in the coming financial year. Similarly the Tata Locomotive and Engineering Co., Ltd., sponsored by Government and established under direct Government, encouragement and assistance is also expected to commence production in the course of the budget year.

48. The plan for establishing a coach building unit in the country has been somewhat retarded in implementation owing to the time taken in deciding on the future of the Hindustan Aircraft Limited, but it is expected to take final shape in the next few weeks, and a provision of Rs. 50 lakhs has, therefore, been included in the estimates for 1951-52.

## Stores

49. During the year, my attention was attracted by the condition of railway stores on the different railway systems, and I was greatly perturbed by information I received as to the increase, and lack of balance, in railway store holdings. These, while immobilising a large volume of money, have been responsible for the failure to maintain the flow of supplies towards the fulfilment of repairs and maintenance programmes. The yearly purchase of stores, exclusive of foodgrains, stands at the level of Rs. 70 crores, and the value of the closing balances under stores had risen from Rs. 36 crores on 31<sup>st</sup> March 1949 to Rs. 46 crores on 31st March 1950. Even after making allowances for supply difficulties and increases in price levels, the position is far from satisfactory. I decided, therefore, that an investigation into the stores arrangements on the Railways should be undertaken with a view to bringing about improvement and rationalisation for provision, procurement, issue and holdings of stores. A committee with Mr. A. D. Shroff, Director of Tatas, whose services were very kindly placed at my disposal for functioning as chairman, and with representatives of Railway finance, Railway stores and the Ministry of Industry as members, is now engaged on this task. I expect their report by the end of the current financial year, and I am confident that, as a result of their labours, considerable improvement, both financially and organisationally, will become possible.

## Amenities to Passengers

50. It is only natural that the quality of the performance of the railway undertaking in passenger transportation should be judged not infrequently by the amenities and facilities it provides for the travelling public. The largest proportion of passengers travel by the lower classes and therefore the provision of amenities and travel facilities for this category has to receive the highest priority. All steps which have recently been initiated in this direction are designed first progressively to overtake the problem of overcrowding and secondly to improve the comfort and conditions of travel. The provision of additional train services and the commissioning of an increasing number of the improved type of coaching vehicles are steps in this direction. 126 additional trains including 41 extensions of existing services have been introduced. 55 short distance supplementary services for third class passengers have been instituted. The number of Janata expresses carrying exclusively long distance third class passengers between important termini and other stations has been increased to 18. Additional coaching stock has been ordered both in and outside the country and the capacity of existing workshops has been rationalised and mobilised to increase production of coaching stock. The cumulative effect of these measures and others, either planned or in execution, can only get expressed over a period of time, but the position will go on improving steadily as every effort at producing better travel conditions is being brought up to pre-war standards and more fans are being installed in waiting halls covered platforms and third class coaches. Special steps have been taken to attain more hygienic conditions both in carriages and on station premises, though in view of the lack of cooperation from the public the results produced have not been satisfactory as they might be. Improvements have been effected in regard to supply of drinking water to passengers by the installation of additional water coolers and by augmenting the strength of watermen at important stations, particularly in the summer season. Railway Administrations have provided in the course of the year electric fans in the waiting halls of 100 stations and in the covered platforms at 51 stations; 37 stations have been electrified and additional drinking water facilities have been provided in 191 stations. These results which are directly attributable to the continuing pressure of criticism in Parliament, are, I confess, on the low side, but the problem is being energetically tackled and the annual expenditure of Rs. 3 crores will be continued until an acceptable minimum standard is reached.

## Accidents

51. I know how anxious and perturbed Hon'ble Members were on the quick succession of serious accidents to trains which occurred in the earlier half of the current financial year. About the causes of these accidents, there has been a good deal of speculation and uninformed criticism. It has been suggested that the majority of these accidents was attributed to sabotage merely to cover up the unsuitability of the new type of locomotives, the unsatisfactory maintenance of the track and the negligence and deficiencies of Railway Administrations. I owe it to myself and the House to give some indication of the steps which have been taken to prevent or reduce to the minimum the occurrence of such accidents in future.

52. I leave out of consideration the hundreds of minor accidents which have not involved loss of human life but have resulted in small injuries to individuals and damage to rolling stock. They are of the type which occur on all railway administrations, and, taking a comparative view, they have not, in number, been larger than in comparable systems elsewhere in the world.

53. There have, during the current year, been nine accidents to passenger trains which have resulted in considerable loss of human lives. Four of these were major disasters. These were the derailment of the Kumaon Express on the O. T. Railway in April, the derailment of Punjab Mail and the accident to the Toofan Express in May and August respectively on the E. I. Railway and the derailment of the Kashmir Mail on the E. P. Railway in September. The number of persons killed in these four cases were 36, 92, 29 and 12 respectively. The first three of these were clearly cases of sabotage due to tampering with the track. The fourth has been reported to be due to error of judgment. In connection with the Punjab Mail accident, certain persons have been placed before the court for trial. In regard to the accidents to the Kumaon Express and the Toofan Express, the investigation has not resulted yet in fastening the responsibility on any particular persons. In the fourth, the railway officials responsible for the error of judgment are being dealt with departmentally.

54. The finding of the Government Inspector of Railways as regards the cause of the accident to the Toofan Express was challenged and suggestions were made from responsible quarters that the accident was not due to sabotage but to defect in the proper maintenance of rolling stock. I decided, therefore, to have a judicial enquiry made into this case. A judge of the Calcutta High Court was appointed for this purpose. He recorded all the evidence available, and, after making such further investigation and inspection as he considered necessary, he came to the conclusion that it was a clear case of sabotage. His findings exonerate the Railway Administration from the unjustified charge of negligence.

55. The prevention of sabotage has been discussed with the State Governments, the General Managers of Railway Administrations, security police and others concerned. As a result, arrangements have now been completed for the intensive patrolling of vulnerable sections of railway track, for the running of pilot engines where and when the situation demands it and for the increased provision of armed guards. Special devices have also been introduced on certain railways in order to make the tampering of track more difficult. Railway staff have been warned to be more vigilant and a larger delegation of powers has been made to responsible officials to take prompt disciplinary action in cases of neglect of duty. I do hope Hon'ble Members appreciate that, in the recent past, in any case since September last the scare of railway accidents has been demonstrably less than it was before. So far as railwaymen are concerned, there has been a perceptible improvement in their alertness. Prompt disciplinary action may have had something to do with this but the bulk of the credit for this improvement must go to the response which railwaymen of all ranks have made to appeals to them from me, from the public and from the Press. I am glad of this opportunity to say this. The evidence of this greater alertness is in the number of possible major accidents which have been averted by the watchfulness which many railwaymen down to the ranks of gangmen have exhibited in various parts of the country. A monthly return of accidents, both major and minor, is received by the Railway Board from all Railway Administrations, and a consolidated review for all railways is issued promptly drawing pointed attention to the number of accidents, the causes thereof and the steps taken by each Administration in this connection. This review, I hope, has had the effect of inducing Railway Administrations to compete with one another in a race for the prevention of accidents.

56. Two French Railway Engineers, Monsieur Leguille and Monsieur Gonon, the former a specialist on locomotives and the latter on track, have been placed at my disposal by the French Railway authorities at my request to assist the Railway Board in the investigation of the complaints regarding the unsuitability of the new type of locomotives and the deficiency in the maintenance of track. These experts have completed a tour of the railways and submitted their report to me on the 19th February, 1951. The House will be interested to know that these engineers are satisfied that the W. P. locomotive as designed and built is a safe unit for operation on the main lines of the Indian Railways upto 60 miles per hour and that the quality of track maintenance adequately meets the requirements. The report contains a number of suggestions all of which will be examined most carefully action initiated promptly for giving effect to such of them as are accepted by Government.

## Research

57. Progress has been maintained in developing designs and improving mechanical equipment in the Central Standards Office. The efficiency of the new type of locomotives burning low grade coal is largely attributable to the excellent work done by this office. The question is under active consideration of setting up a Railway Research and Test Organisation to study, analyse and resolve problems having a direct bearing on safety, efficiency and economy in operation. This organisation is intended to fulfil a complementary role to the National Laboratories and to supplement the work done in these Laboratories concentrating on specialised railway research. The organisation for economic research has undertaken the study of specific economic and financial problems and the interpretation of the reoriented statistical returns. The results have been encouraging and are being increasingly used in the formulation of policy and the designing of control

measures to achieve greater economy and efficiency. A study for evolving a formula for allocating expenditure more accurately and rationally between goods and passenger traffic is in progress to enable us to assess the rationale of existing fare and freight structures and to consider such adjustments as may be necessary. It is obvious that 'a progressive organisation like the Indian Railways must have at its disposal competent machinery for the continuous Study and analysis of all problems affecting operation, as it is only through this study and research, both in the technical and economic fields, that operating and economic controls can be made really effective.

### **Railway labour**

58. As stated by me repeatedly both in Parliament and elsewhere, the Government stand committed to a policy of continually improving the status and ameliorating the conditions of railway workers. The Central Pay Commission's recommendations have been extended to all railway employees including those who were in receipt of low scales of salaries on the ex-Indian States Railways. The anomalies resulting from the application of the C.P .C. scales have also been examined at great length by the Joint Advisory Committee consisting of representatives of both railway labour and the Railway Board with an independent Chairman. The bulk of the recommendations of this Committee has also been implemented at the cost of additional recurring expenditure of Rs. 2 crores a year. I must here express my appreciation of the manner and spirit in which the Chairman and the representatives of the workers and the Railway Board sat together to resolve points of difference amicably and in mutual appreciation of each others' difficulties.

59. The provision for housing labour is being maintained despite financial difficulties, and better facilities for medical relief and education have also been given. The total bill for the year on labour welfare is Rs. 7.95 crores. The relations of labour with management have generally been cordial. There is a growing consciousness of responsibility amongst the great majority of railway workers, and this has now found expression in an improvement in productivity measured by the yardstick of train miles, vehicle miles etc., from 69.38 in 1949-50 to 78.1 in 1950-51. I hope that this rate of improvement will be continued and that the index of 100 in 1938-39 will be reached and possibly surpassed in the not very distant future. The plan for a greater association of labour wherever possible with the administration has taken a step forward by providing for the association of labour representatives in the formulation of proposals for labour welfare works including the provision of hospitals, canteens, staff quarters and the like. It should be possible, in the coming years, to extend the field of collaboration further.

60. I would like to make a reference, in passing, to the question of enhancement of the rates of dearness allowance which has been raised by railway labour. As this is a matter of general governmental policy, it has to be viewed from the standpoint of the situation in the country as a whole. The satisfactory financial position in which the railways find themselves today cannot in itself justify the payment of increased dearness allowance to railway workers when no other workers in Government employ get it. I am sure that railway workers will not seek to have themselves treated on a basis of discrimination vis-a-vis other workers. The hope entertained over a year ago that Governmental action would successfully break the vicious spiral of wages and prices chasing each other has not materialised. The general economic position in the country is in all conscience one of peculiar difficulty in this respect. The general financial position is, if anything, more difficult still. I must, therefore, appeal to railwaymen to approach this problem with a recognition of the realities of the general economic and financial situation.

61. I would like to add a word about the response which railway workers spontaneously made over a year ago to the appeal of their own leaders for compulsory savings out of 'wages for helping in strengthening the ways and means position of Government. Railway workers drawing pay not exceeding Rs. 250 p.m. are now allowing a monthly deduction in their wages or salaries as their contribution to the Railway Savings Provident Fund. The proceeds of this contribution which the workers concerned have agreed to make for a period of two years will be returned to them at the end of that period with interest at 2 per cent. The amount that has accumulated in this Fund up to the end of January 1951 is Rs. 101.35 lakhs. I desire here to express my appreciation of this patriotic, and as it happens unique gesture of railway workers.

### **Shri K. C. Bakhle**

62. Shri K. C. Bakhle, Chief Commissioner of Railways, since September 1947 will, at his own request, proceed on leave from 1st April next, at the end of which he will retire from railway service and make his services available to private enterprise under a high level business concern. He has had a distinguished record of 27 years in the Indian Railway service. On the transfer of power, owing to the departure of a large number of British holders of key posts on the Indian Railways, those posts came to be held by Indian officers

of the Railway Service, a very large number of whom had been denied experience in such key posts previously. These Indian officers have more than proved their mettle and competence. Not only have the pre-partition standards of work been maintained, but in not a few aspects of railway administration have these officers been responsible for real improvement. Amongst the many officers who have contributed to this result, Shri Bakhle is perhaps the most conspicuous. I am grateful to him for the assistance he, as the holder of the highest executive office on the Railways, has given me. I wish to give public expression to my appreciation of the frankness with which he has tendered advice to me a frankness which I encourage all my officers to cultivate of his capacity for hard work and above all of his high sense of discipline. I can only congratulate the business concern which will have the benefit of his services and wish him all success in his new sphere of work.

### **Organisation of the Railway Board**

63. I have already referred to the economy which, as the result of a job analysis, is being carried out in the office of the Railway Board. I have given serious thought to possible changes in the constitution and functioning of the Railway Board itself but have come to the conclusion that, for the time being, I will make no major changes, though I have decided to reduce the strength of the Board and introduce changes in the manner in which that Board now functions.

64. The Railway Board, as at present constituted, consists of a Chief Commissioner, a Financial Commissioner and three functional Members, together with the Secretary of the Transport Ministry. The Chief Commissioner is not in charge of any specific portfolio and is now responsible merely for presiding at the Board meetings and for overall functional supervision and co-ordination of work. He is the adviser of Government on all technical matters and has the power to overrule his functional colleagues. The Financial Commissioner has a special position and cannot be overruled in financial matters. He is permitted to have direct contact with the Finance Minister, whom he keeps informed of developments in the Railway Ministry.

65. With the constitutional changes and with a Minister responsible to Parliament coming to be in charge of Railways, the functioning of the Board has altered substantially. There is now a regular weekly meeting of the Board a whole with the Minister where several questions of policy are discussed and settled. Overall co-ordination is ensured first at the Board and then at the Minister's level. The need for an officer of the Board who is not burdened with departmental responsibilities is not now by any means compelling. The different Members of the Board constitute what may be described as an All India Railway Executive, whose administrative work is suitably distributed amongst functional heads, each of whom presides over his particular department of railway activity. On questions, which require co-ordination among these different departments, the Members come together and reach decisions as a collective body. The Minister controls the work of the Board and all directives given by him are carried out by it. The post of Chief Commissioner will therefore be retrenched from 1st April next, and the Board reconstituted with three functional Members and the Financial Commissioner. The Secretary of the Transport Ministry will, under existing conditions continue to be, ex-officio, an additional Member. One of the functional Members will be appointed Chairman of the Board and, in that capacity, ex-officio, function as Secretary to the Ministry. He will be responsible for the work of the Board as such and for the intra-Board co-ordination required for this purpose. He will also be in charge of the small secretariat attached to the Board, in addition to being a functional Member. The Financial Commissioner will retain his special position and function as Secretary to the Ministry in matters financial. The Board will function as a corporate body, advising the Minister on all major questions of policy and issuing such executive orders as are necessary for the administration of the Indian Railways.

66. As a result of the retrenchment of the post of Chief Commissioner and certain other economies in the organization of the Board's office, including a reduction in the status of the post of Secretary to the Board, economies to the extent of over Rs. 3½ lakhs will be immediately realized - a saving of over 16 per cent on the total establishment charges of the Railway Board.

### **Conclusion**

67. For the assistance I have received from the Railway Board and all ranks of railway personnel working under them throughout the country, I desire to convey my grateful thanks. I am honestly convinced that they are all making every effort to give of their best to the duties which they have to discharge. I have been pleased to learn from many intelligent people who have come into contact with them, or have had opportunities of seeing them at work, that the spirit of service is growing among them and that their relations with the public are getting better and better. The few deviations from this rule which occasionally find their way into newspapers do not detract from the general improvement that is taking place. I do hope that

officers and men will strive not merely to do better work, but to do it with the courtesy, consideration and good feeling which should characterise all those who are engaged in public service. I wish also to convey to Honourable Members of the Railway Standing Finance Committee and the Central Advisory Council for Railways my thanks for the support I have throughout received from them.

68. Winding up my speech last year, I said "Indian Railways are doing well and will do better". Some critics of that speech thought that this was a bland ending to an otherwise exhilarating tale. An emotional peroration is however not amongst my failings, and I can only end now by saying "Indian Railways have, since I made my last budget speech, done definitely better and will do better and better in the future".

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